

# INDIANA

## INVESTMENT WATCH

### Living on Your Own: A Crash Course in Cash

#### 1. What exactly is "Living on Your Own: A Crash Course in Cash?"

- The "Living on Your Own" series is a financial literacy and investor education program aimed at educating college students and other young adults about what to expect financially in the real world by teaching them the basics of money management and investing. This four-part series teaches young adults the hows-tos of managing money, avoiding investment fraud, considering retirement planning and investing in the future.
- At each presentation, students receive resource guides that allow them to fine-tune their newly acquired savvy personal financial skills out of the "classroom" by tracking their expenses and creating a spending plan, participating in stock market simulations online, reading financial articles, and researching particular investment strategies.
- Kellie Duke, Director of Investor Education for Indiana Secretary of State Todd Rokita, will present the first three segments in the series. The final presentation, "Grow Me the Money," will be presented in part by Secretary of State Rokita.

#### 2. Why did the Secretary of State's office develop a youth financial literacy program? Why is financial literacy and investor education the Secretary of State's responsibility?

- Secretary Rokita is Indiana's chief investment and fraud regulator. Investor education is an increasingly important part of securities regulation in Indiana and across the entire United States. A proactive approach to law enforcement, investor education becomes even stronger when combined with financial literacy efforts. Utilizing both educational approaches helps Hoosiers be proactive with their financial decisions, rather than reacting after problems have occurred.
- The Secretary of State's office recently conducted an investment literacy survey among 1,000 Indiana households. It showed that many Hoosiers with investments don't properly understand how they are registered, and many people are so confused about how to manage their money that they are intimidated by the idea of investing altogether.
- Teenagers and young adults often find themselves in high debt with little knowledge of basic savings and budgeting concepts. Forty percent of Americans spend 110 percent of their income. And not surprisingly, most adults in the United States only save 1.5 percent each year.
- We have a responsibility to not only educate Hoosiers about the potential risks associated with investing, but also to provide the tools they need to understand basic finances so that when they feel adequately prepared to start investing, they have the funds available to do. The younger we start getting this message across, the better.



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- More college students drop out of college because of financial, rather than academic, reasons. As we teach young adults to engage in our economy by becoming consumers, we must also arm them with the proper information on making smart decisions about their money and spending habits. Without first understanding the basic building blocks of finances, young adults will not be prepared to make complex investment decisions.
- That's why we have created the "Living on Your Own: A Crash Course in Cash" series for college students. The series is a financial literacy program aimed at educating students about what to expect financially in the real world, as well as how to ward off fraudulent investment offers from con artists.
- The habits and skills college students learn in this program will continue to develop over the course of their lives, helping them be smart investors because they will be armed with information concerning con artists and investment fraud. Lessons learned now concerning basic investment skills will provide significant pay-off, especially in their later years.

### 3. Where is the program currently running? When will it be available in my community?

- Living on Your Own: A Crash Course in Cash is piloting at DePauw University in the spring of 2006 with the aim of launching statewide in the fall of 2006. Specific locations of the fall 2006 launch are not known at this time.
- The program officially launched at DePauw University on March 8 with the presentation, "What Happens to Your Paycheck in the Real World." Forty-two students and two adults attended the event.
- The "Living on Your Own" series is part of Indiana Investment Watch, a multifaceted investor education program created by the Indiana Secretary of State's office. To learn more about Indiana Investment Watch, please go online to [www.IndianaInvestmentWatch.com](http://www.IndianaInvestmentWatch.com).
- Neither program is funded at the expense of taxpayers. The Secretary of State's investor education program is funded entirely by the state's securities enforcement fund, which contains money collected from settlements in securities fraud cases.

### 4. Currently, what are the names of each presentation and what topics will the series cover? What days will the series be piloting at DePauw University?

March 8 – What Happens to Your Paycheck in the Real World

- Topics include how to create a personal budget and spending plan, understanding the risks and benefits of credit, paying off student loans, and quick tips for saving money in the real world.



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#### April 6 – Real Life 101

- Topics include how to get approved for a loan, the steps involved in buying a home or a car, and what to know financially before you get married and start a family. The presentation will also discuss the basics of paperwork related to a first job, including salary negotiation, net vs. gross pay, health insurance and W-9 forms.

#### April 19 – How to Retire Rich

- Topics include understanding when and how to start a retirement account, knowing the differences between basic options like 401(k)s and Roth IRA's, and how to approach your taxes. The presentation also includes more comprehensive information on how individuals can start saving money at a realistic pace to finance their desired lifestyle.

#### May 4 – Grow Me the Money

- Topics include how to avoid fraud, scams, and unethical practices and offers during one's first years in the real world. The presentation further details financial terminology associated with investing and gives individuals the basic information needed to start investing in the future.

### 5. Following the first presentation at DePauw University, 39 of the participants took a survey evaluating the information. What did some of the actual written responses say about the program?

- "This is a great idea for college students – it's about time someone informed students about real life finances."
- "It was honest, open, and real and not about the most idealistic situation, but about what a real life average student goes through!"
- "I've been looking forward to something like this that is applicable and practical!"
- "It was very helpful and eye-opening to see a budget broken down so specifically."
- "I've already started this process with apartments and budgets, and I found the information very representative of my personal research."

### 6. What were some of the other results of the survey?

- Out of the 39 students who took an evaluative survey about the presentation, 36 rated the overall effectiveness of the content and presentation as being of "superior" or "good" quality.
- All 39 students surveyed said they believed this program was extremely relevant and beneficial to any college student in Indiana, regardless of the university they attended.



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- All 39 students surveyed said they would recommend the series to a classmate or friend, based upon the information they learned that evening.
- When asked about their favorite part of the presentation, 16 of the 39 students surveyed mentioned that learning how to create a personal budget and seeing the budget of an actual recent graduate as being the most beneficial information of the evening.
- Eight students noted that the most startling piece of information was learning how small expenses like a daily gourmet coffee can quickly add up to a large amount of money over a year. Seven students mentioned seeing a paycheck broken down piece by piece taught them the most.

## 7. What are some other reasons why this program is needed in Indiana?

- No one hands you a financial guidebook for life. Without the necessary financial tools, the further in debt our society and youth will sink.
- Learning how to manage your money and protect your investments is a vital part of the post-college young adult's personal education.
- The younger individuals learn to manage their money, the better financially prepared they will be to maintain the type of lifestyle they desire.
- This program takes a preventative approach to fraud awareness and financial education. By learning about investing and how to avoid fraud at an earlier age in life, individuals will be better protected against con artists in the future.

## 8. Where can I find more information about Living on Your Own: A Crash Course in Cash?

For more specific information about the program, please contact Kellie Duke, Director of Investor Education for Indiana Secretary of State Todd Rokita, 317.233.3985, [kduke@sos.IN.gov](mailto:kduke@sos.IN.gov). More information about the program will become available online at [www.IndianaInvestmentWatch.com](http://www.IndianaInvestmentWatch.com) in the very near future.



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